



State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

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January 18, 2007

TO: File

THRU: Susan M. White, Mining Coordinator *SMW*

THRU: Lynn Kunzler, Environmental Scientist *LK*

FROM: Beth Ericksen, Surety Coordinator *BE*

SUBJECT: Turquoise Stone Mine Site, Northern Stone Supply, Inc., M/003/020, Box Elder County, Utah

Northern Stone Supply, Inc. submitted a certificate of deposit (CD) and a corporate surety bond (bond) to the BLM in the amount of \$65,600.00 and \$13,000.00 respectively. The sureties were accepted by the BLM as of December 11, 2006.

The bond is administered and will continue to be administered by the BLM head office. According to R647-3-111.2, the Division will not require a separate surety where the form and amount of surety is acceptable to the Division, provided that the cost estimate is accurate and the Division is named as co-beneficiary.

The Division is named as co-beneficiary on each bond which are specifically identified below:

- CD, Zions Bank account number 0411610173, in the amount of \$65,600.00;
- Corporate Surety Bond, Travelers Casualty and Surety Company of America, bond number 019 S 103386868 BCM, in the amount of \$13,000.00

The BLM and the Division do not have a signed MOU outlining the roles and responsibilities of the BLM and OGM in the administration of reclamation sureties for mining operations on BLM lands. Recent conversations with the BLM, have resulted in the verbal agreement that the Division and the BLM are cooperatively acting under the terms identified in the unexecuted MOU.

Specifically:

- The BLM will not release the reclamation surety until all applicable standards of OGM have been satisfied, and the BLM has received written consent of OGM in accordance with the procedures and requirements of the Utah Mined Land Reclamation Act and associated rules as amended.
- If the mine operator fails to comply with any provision of the plan of operations as amended, each agency, the BLM and OGM, mutually agree to allow cancellation, suspension, or withdrawal of the permit as necessary. In this case, because the BLM is the lead agency regarding the surety, such a Division request will result in BLM approval.

The surety requirement for this site has been determined to be \$78,200.00. The reclamation surety will be administered by the BLM and is in the amount of \$78,600.00